

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4605-01
Bill No.: SB 1256
Subject: Retirement Systems and Benefits – General; Public Officers; Attorneys; Courts
Type: Original
Date: March 15, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue*	\$0	\$0	(Up to \$2,268,000)
Total Estimated Net Effect on General Revenue Fund* **	\$0	\$0	(Up to \$2,268,000)

* This does not include the state portion of support staff or the cost for retirement of attorneys who currently part of PACARF.

** The provisions affecting the Missouri State Employees Retirement increase the Unfunded Actuarial Accrued Liability (UAAL) by an unknown amount.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0	\$0	Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration – Division of Budget and Planning, County Employees’ Retirement System, Local Government Employees Retirement System, Office of the Secretary of State**, and the **State Treasurer’s Office** assume the proposal would have no fiscal impact on their agencies.

Officials from the **Office of Administration – Division of Accounting** assume the proposal would shift costs of county prosecuting attorneys’ salaries, retirement, and office expenses from counties to the state at an increasing percentage from 2007 through 2016. The Division assumes staff resources required to process reimbursements to counties could be absorbed if current staff levels are maintained.

Officials from the **Office of State Courts Administrator** assume the proposed legislation would have no fiscal impact on the courts.

ASSUMPTION (continued)

Officials from the **Joint Committee on Public Employee Retirement (JCP)** assume the proposed legislation is a “substantial proposed change” in future plan benefits as defined in Section 105.655(5). Therefore, an actuarial cost statement as defined in Section 105.665 must be provided prior to final action on this legislation by either legislative body or committee thereof.

Pursuant to Section 105.670, this actuarial cost statement must be filed with 1) the Chief Clerk of the Missouri House of Representatives, 2) the Secretary of the Senate and 3) the Joint Committee on Public Employee Retirement as public information for at least five (5) legislative days before final passage of the bill.

JCP included a Pension Impact Statement. An actuarial cost statement for this legislation has not been provided for this proposal. Upon receipt of the statement, that information will be reflected in an updated JCP Pension Impact Statement.

Officials with the **Office of Prosecution Services (OPS)** assume the proposal will not have any direct fiscal impact. However, OPS notes that the proposal will take effect in FY 2007 and could cost approximately \$500,000.

Officials from the **Missouri State Employees' Retirement System (MOSERS)** assume they would be required to administer the Prosecuting Attorney's and Circuit Attorney's Retirement Fund (PACARF) on and after January 1, 2007. Further, district attorneys in office on or after January 1, 2007 would participate as members of MOSERS under Chapter 104, RSMo, and receive the same salary from the state that a circuit court judge would receive. Prosecutors in circuits that elect not to participate in the district attorney system would continue to be eligible to participate in PACARF.

MOSERS is unable to assess the impact of the proposal through the actuarial process (valuation) since they do not have data in their system regarding the present PACARF participants and future district attorneys who would be affected by the proposal.

ASSUMPTION (continued)

Officials from the **Prosecutor's and Circuit Attorney's Retirement Fund (PACARF)** assume the proposed legislation would transfer the assets and obligations of PACARF to MOSERS on a going forward basis, as of January 1, 2007. PACARF would then cease to exist. Thereafter, all benefits payable as a result of membership in PACARF would be paid by MOSERS. It is assumed that all going forward revenue streams would also be transferred to MOSERS, as well. This is not entirely clear, however.

Because of the ambiguity in the transfer of future revenues, and because the number of counties that will opt in to the District Attorney system is unknown, the impact on member benefits and the impact on the level of unfunded liabilities as applied to members of PACARF, is unknown.

Officials from the **Boone County Treasurer's Office** assume the proposal would result in a savings. A reimbursement from the state for operating expenses and paying the District Attorney's salary would result in approximately \$200,000 savings in Boone County the first year, with percentage increases annually thereafter.

Officials from the **Cass County, Jefferson County Commission**, and Marion County Commission did not respond to Oversight's request for fiscal impact.

Oversight assumes, beginning January 1, 2007, the state would incur costs up to \$4,536,000 per year for the salaries of the district attorneys, depending upon the number of counties choosing to participate in the state district attorney system. The state would also incur unknown costs of reimbursing counties for a percentage of the district attorney office budget. In addition, the state would incur unknown costs for retirement benefits of attorneys who are presently part of PACARF. Oversight has reflected the cost as up to \$4,536,000 per fiscal year. This does not include the state portion of support staff or the cost for retirement of attorneys who currently part of PACARF. Oversight assumes counties would experience like savings due to the state being responsible for district attorney salaries and office expenses.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
GENERAL REVENUE FUND			
<u>Costs</u> – Office of Administration			
District Attorney salaries	\$0	\$0	(Up to \$2,268,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND* **	<u>\$0</u>	<u>\$0</u>	<u>(Up to \$2,268,000)</u>

* This does not include the state portion of support staff or the cost for retirement of attorneys who currently part of PACARF.

** The provisions affecting the Missouri State Employees Retirement increase the Unfunded Actuarial Accrued Liability (UAAL) by an unknown amount.

<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
POLITICAL SUBDIVISIONS			
<u>Savings</u> – Counties			
State reimbursement of district attorney expenses	<u>\$0</u>	<u>\$0</u>	<u>Unknown</u>
ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>\$0</u>	<u>Unknown</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

The proposed legislation would revise the retirement provisions to provide for Prosecuting or Circuit Attorneys in counties that elect to become part of the District Attorney system created by this proposal.

The proposal would establish a District Attorney System. District attorneys would be elected during the 2006 general election in each judicial circuit for counties that elect to be part of the system, and would serve for four year terms. The District Attorney would be a resident of the judicial circuit for one year before being elected. The District Attorney of each circuit would receive the same annual salary as the circuit judge.

District attorneys would prosecute all criminal actions for the circuits in which they serve. They could appoint assistants, investigators, and clerical staff, as deemed necessary to fulfill the duties of the office.

The proposal contains a schedule for reimbursement by the state for the budget of offices in the District Attorney system, ranging from 5 percent in 2007 to 50 percent in 2016 for circuits consisting of one county, and from 10 percent in 2007 to 50 percent in 2011 for circuits consisting of more than one participating county. In circuits where more than one county contributed to the expenses, each county would be reimbursed in the same proportion as the contribution.

The proposal would require the District Attorney to be employed full-time with the office and not engage in the practice of law elsewhere. The act specifies a procedure for counties without a charter form of government to join the system. In such counties, the county commission would adopt by majority vote a resolution to join the system. In counties with a charter form of government, the governing body would adopt by charter amendment a provision to join the system and eliminate the office of prosecuting attorney.

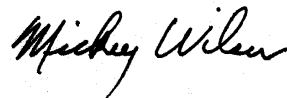
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration
County Employees' Retirement System
Office of State Courts Administrator
Joint Committee on Public Employee Retirement
Local Government Employees Retirement System
Office of Prosecution Services
Missouri State Employees' Retirement System
Prosecutor's and Circuit Attorney's Retirement Fund
Office of the Secretary of State
State Treasurer's Office
Boone County Treasurer

NOT RESPONDING

Cass County
Jefferson County Commission
Marion County Commission



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Director
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